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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SAA-01 SES-02 IO-13 EB-08 AID-05
CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00
NSC-05 PA-01 SP-02 SS-15 ICA-11 OMB-01 TRSE-00
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FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 1532

C O N F I D E N T I A L KUWAIT 4361

DEPT FOR NEA/ARP

E.O. 11652: GDS
TAGS: EAID, KU
SUBJ: REGIONAL ECONOMIC COOPERATION

REF: (A) STATE 185724, (B) KUWAIT 2768, (C) KUWAIT 1488, (D)
STATE 181899

1. REFERENCE IN CHASE REPORT ON ARAB FOREIGN AID TO "CRASH EFFORT" BY ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT (AFESD) TO STUDY INTER-ARAB DEVELOPMENT PROJECTS (REF A) IS MISLEADING. FACTS OF MATTER ARE AS FOLLOWS.

2. IN 1975 ARAB FUND AND UNDP AGREED TO SET UP JOINT PROGRAM TO IDENTIFY AND PREPARE INTER-ARAB COUNTRY PROJECTS. PROGRAM WAS TO RUN FOR 6 YEARS. IT GOT OFF TO A SLOW START, WITH PRESENT DIRECTOR BEING NAMED IN EARLY 1977. IT HAS ONLY 5 PERSON STAFF (INCLUDING ADMINISTRATIVE SUPPORT) AND TO DATE ONLY SIGNIFICANT PROJECT IT HAS IDENTIFIED WHICH APPEARS ANYWHERE NEAR GETTING OFF THE GROUND IS PROPOSED TELECOMMUNICATION LINKS BETWEEN EGYPT, SYRIA AND JORDAN--AND EVEN THIS IS VERY MUCH IN STUDY STAGE.

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3. PROGRAM'S DIRECTOR, U.S.-EDUCATED DR. BURHAN CHATTI, GAVE EMBOFFS DETAILED BRIEFING ON PROGRAM PLUS BACKGROUND MATERIAL ON ITS FORMATION AND PROGRESS TO DATE. MATERIAL BEING POUCHED UNDER COVER OF AIRGRAM WHICH ALSO INCLUDES MEMCON.

4. AS REPORTED REF C, SENIOR AFESD OFFICIALS HAVE TOLD US THAT FUND'S EXPERIENCE IN PROMOTING INTER-ARAB COOPERATION TO DATE

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HAVE NOT BEEN ENCOURAGING. PROGRAM HEADED BY DR. CHATTI WILL CONTINUE, BUT MUCH OF WHAT MAY BE TERMED BY THE FUND AS "REGIONAL" PROJECTS WILL SIMPLY BE NATIONAL PROJECTS WHICH, BECAUSE THEY CAN LINK UP AT BORDERS, CAN BE CALLED REGIONAL. SINCE FUND'S CHARTER CALLS UPON IT TO PROMOTE REGIONAL PROJECTS, WHEREVER SEMANTICS ALLOW IT WILL TERM PROJECTS REGIONAL, HOWEVER NATIONAL THEY IN FACT MAY BE.

5. COMMENT. THE IDEA THAT THE PROSPECT OF MORE REGIONAL ECONOMIC DEVELOPMENT COULD SERVE AS AN INCENTIVE FOR A MIDDLE EAST PEACE SETTLEMENT IS MORE THEORETICAL THAN REAL. THE ARAB WORLD AS A WHOLE HAS PLENTY OF CAPITAL, MAKING THE LIKELIHOOD OF MORE CAPITAL AVAILABILITY AS A RESULT OF PEACE NOT PARTICULARLY EXCITING. LIKEWISE, WHILE UNEVENLYDISTRIBUTED, THERE IS NO GREAT LACK OF ARAB TALENT AND EXPERTISE, AS WITNESSED BY THE SCORES OF EXPATRIATE ARAB PHD'S WORKING IN KUWAIT, TO CITE JUST ONE COUNTRY. WHERE THE ARAB/ISRAEL PROBLEM EXISTED OR NOT, ARAB STATES WOULD (AND DO) AGREE THAT REGIONAL, INTER-ARAB COOPERATION, LIKE "ARAB UNITY", IS A "GOOD THING" IN CAPITAL LETTERS. THE PROBLEM LIES IN GETTING SOVEREIGN ARAB STATES TO AGREE AND IMPLEMENT PROJECTS WHICH TRULY ARE REGIONAL. THE ARAB FUND'S EXPERIENCE TO DATE HAS SHOWN THAT GETTING PROJECTS IMPLEMENTED WHICH DO NOT RPT NOT TRANSCEND NATIONAL BOUNDARIES IS ALREADY DIFFICULT, AS WITNESSED BY THE FUND'S RELATIVELY LOW DISBURSEMENT/COMMITMENT RATION. THIS PROBLEM IS A DEVELOPMENTAL ONE AND HAS LITTLE TO DO WITH THE CONFIDENTIAL

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ARAB/ISRAEL DISPUTE.

6. DR. CHATTI IS AN OLD AND VALUED CONTACT OF THIS EMBASSY. WE ARE IN FREQUENT CONTACT WITH HIM AND WILL KEEP TABS ON HOW HIS PROGRAM IS PROGRESSING, REPORTING AS APPROPRIATE. MAESTRONE

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